

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

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200.07 SOURCES AND TREATMENT OF UNEARNED INCOME

The following sections list different sources of unearned income and how they are treated in the eligibility process.

200.07.01 ANNUITIES, PENSIONS, RETIREMENT AND DISABILITY PAYMENTS

An annuity is a sum paid yearly or at other specific times in return for the payment of a fixed sum. Annuities may be purchased by an individual or by an employer.

Pensions and retirement benefits are payments to a worker following retirement from employment. These payments may be paid directly by a former employer, by a trust fund, an insurance company or other entity.

Disability benefits are payments made because of injury or disability.

Annuities, pensions, retirement benefits and disability benefits are counted as unearned income. One exception is certain accident disability benefits paid within the first 6 months after the month an employee last worked are treated as earned income. Refer to the Earned Income section for the discussion of these benefits.

Verify the source, type, amount and frequency of these payments by award letters, other documents in the individual's possession or contact with the organization making the payment.

200.07.02 TITLE II/RETIREMENT, SURVIVORS AND DISABILITY INSURANCE (RSDI)

Retirement, Survivors and Disability Insurance monthly benefits are counted as unearned income. Special age 72 benefits, also known as Prouty benefits, are also counted as unearned income.

The amount of Title II is determined based on the following factors:

- The amount of premiums deducted from RSDI for the optional Supplemental Medical Insurance (SMI) premium under Medicare or Medicare Part D is unearned income. Refunded SMI/Medicare Part D premiums are not income.

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- The Title II benefit payable to the beneficiary is rounded at different points in the computation process by SSA. When verifying Title II benefits through BENDEX, charge as income the amount of Title II shown as the “Net Monthly Benefit Amount”. This is the amount of the benefit after rounding, but before the Medicare premium is deducted.
- When using SVES to verify Title II benefits, the Gross Benefit Amount payable prior to the state buy-in of the Part B premium is less than the benefit payable after state buy-in occurs. To account for this difference for applicants, the “Gross” amount shown on the SVES must be **rounded up** to the nearest dollar to determine the amount of Title II to count as income prior to state buy-in.

Example: If the “Gross Benefit Amount” shows \$677.10 at the time of application, round up to \$678.

Exceptions to rounding:

- Rounding does not apply to Prouty benefits. The gross benefit shown is the amount counted as income for all J1 or K1 beneficiaries.
- If a monthly benefit payment has been reduced because of a Workers’ Compensation offset, the net amount of the benefit received (plus any SMI, Medicare Part D premium withheld) is unearned income. A Title II benefit is reduced dollar for dollar in the amount of any monthly Workers’ Compensation paid.
- Overpayments recovered from SSA benefits are included unless the overpayment occurred when the person was receiving SSI and the overpaid amount was included at that time. In this instance, the amount deducted for an overpayment is not included in calculating countable Title II income.
- Refund of recovered monies based on a waiver approval is not income if the money was previously withheld to recover a Title II overpayment, both SSI and Title II benefits were received at the time of the overpayment and the overpaid amount was included in figuring the SSI payment at that time.
- If a monthly Title II benefit payment has been reduced because of a garnishment, the gross amount of the benefit received (plus any SMI premium withheld) is counted as unearned income.

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200.07.02A WHEN TO COUNT RETROACTIVE RSDI BENEFITS

Retroactive RSDI benefits, whether paid in one lump sum or by installment, are treated as unearned income in the month payment is received, with the following exceptions:

- Retroactive RSDI benefits must be paid in installments when paid to representative payees of persons who are eligible because of Drug Addiction or Alcoholism (DAA). The total of retroactive RSDI benefits paid in installments is treated as if paid in a lump sum in the usual manner. The total of such benefits paid in installments is considered unearned income in the month in which the first installment is made.
- Retroactive RSDI benefits paid for a month for which a person also received an SSI payment (i.e., an offset month) have been reduced by an amount equal to the amount of SSI that would not have been paid had the RSDI benefits been paid when due. The balance of these retroactive RSDI benefits are considered income not when received, but rather in the month regularly due. The award letter issued to the recipient will specify the offset amount. Any payment over and above this amount is income in the month received.

NOTE: Retroactive RSDI benefits paid for periods outside of an offset period are not subject to reduction and are considered income when received.

- In certain situations, SSA will agree at the recipient's request to pay by installment retroactive RSDI benefits that would otherwise be paid in one lump sum. In such cases, the total of retroactive RSDI benefits (except for amounts considered paid in a windfall offset as discussed above) is counted as unearned income in the month the benefits were set aside for the person's use.

Resource Exclusion for Retroactive Payments

Retroactive **SSI** benefits are SSI benefits issued in any month after the calendar month for which they are paid. SSI benefits for January that are issued in February are retroactive. Retroactive **RSDI** benefits are those issued in any month that is more than a month after the calendar month for which they are paid. RSDI benefits for January that are issued in February are not retroactive; however, RSDI benefits for January that are issued in March are retroactive.

NOTE: The unspent portion of retroactive SSI and RSDI benefits is excluded from resources for 9 calendar months following the month the individual receives the benefits.

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200.07.03 MANDATORY STATE SUPPLEMENT (MSS)

Aged, blind and disabled individuals converted from state welfare rolls are deemed to have filed for SSI beginning January 1, 1974. Converted recipients receive SSI and a Mandatory State Supplement to maintain the 12/73 income levels of former assistance recipients and protect them from suffering a loss of income under the SSI Program. Certain recipients may receive MSS without an SSI payment.

The Social Security Administration (SSA) administers MSS payments in Mississippi. MSS payments are included with SSI benefits each month or paid separately if the individual does not receive SSI. A MSS payment is shown as a “State Amount” and is treated the same as Income Based on Need for income purposes.

Currently, there are no remaining state supplement cases.

200.07.04 BLACK LUNG BENEFITS (BL)

Black Lung benefits are paid to miners and their survivors under the provisions of the Federal Mine Safety and Health Act (FMSHA). BL benefit payments are counted as unearned income. Under the Black Lung Consolidation of Administrative Responsibilities Act, benefits under Part B and Part C of the FMSHA are paid by the Department of Labor (DOL). Part B benefits are generally paid on the third of the month. Part C benefits are generally paid on the fifteenth of the month.

Both Part B and Part C BL benefits are subject to offsets (like Workers’ Compensation) and can be reduced due to the recovery of an overpayment. (Refer to 200.08.04 Overpayment Recovery) In addition, Part C benefits may be reduced because of liens imposed by other federal agencies such as the Internal Revenue Service (IRS). The amount deducted from a Part C BL benefit because of garnishment (such as liens imposed by other federal agencies) is counted as unearned income.

The amount of the BL benefit to charge as income is the amount paid after application of an offset (like Workers’ Compensation), but before the collection of any obligations of the recipient.

Black Lung benefits can be verified by the individual’s own records, such as an award notice and check, if available. Contact the US Department of Labor if information from the client is unavailable.

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200.07.05 CIVIL SERVICE AND FEDERAL EMPLOYEE RETIREMENT SYSTEM PAYMENTS

The Office of Personnel Management (OPM) makes US Civil Service and Federal Employee Retirement System (FERS) payments because of disability, retirement or death.

Treatment of Income

US Civil Service and FERS payments are counted as unearned income to the entitled retiree or individual survivor even when additional monies for other family members are included in the payment. However, certain disability benefits paid within the first six (6) months after an employee last worked are treated as earned income. Refer to the Earned Income section for further discussion.

Retired Health Benefits (RHB) Program

OPM provides annuitants under the Retired Health Benefits (RHB) program free coverage under Part B of Medicare. At the employee's option, the Part B premium may instead be paid to another health insurance plan or paid directly to the annuitant for use in purchasing health insurance coverage privately. All annuitants covered by the RHB program retired before 7/1/1960. The RHB payment is shown as a positive amount (addition) on the health benefits line of the OPM notice. RHB payments to annuitants are not income.

Verification

Use notices or other documents in the individual's possession (other than a check) to verify the OPM payment. If the individual has no acceptable documents, write or telephone OPM. Provide the individual's name and civil service annuity claim identification number (a 7-digit number with a "CSA" or "CSF" prefix). If the claim number is not available, provide the individual's date of birth and Social Security Number.

The OPM toll-free telephone number is (888) 767-6738. Send written inquiries to:

Office of Personnel Management
Retirement Operations Center
P O Box 45
Boyers, PA 16017

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200.07.06 OTHER GOVERNMENT PENSIONS AND RETIREMENT PAYMENTS

Payments made to former employees, their dependent(s) or survivor(s) by state, local (or foreign) governments are unearned income. Examples include State Retirement and Municipal Retirement. The full amount of benefits the recipient is entitled to receive is counted as income.

Verification

Verify the amount of the retirement benefit by award letters or other documents in the individual's possession or contact the agency which is the source of the payment. It is not permissible to verify payment amounts by viewing the actual check because optional deductions are usually available to the recipient which are not allowable deductions for SSI/Medicaid purposes.

200.07.06A STATE RETIREMENT 13TH CHECK

Certain state retirees (including those drawing benefits from a deceased spouse's record) are eligible to receive a 13th check each year in addition to their regular monthly check. The 13th check is referred to as a bonus check. The bonus check, which is usually issued each December 15th, is computed on a percentage basis multiplied by the number of years retired and annual income received.

Institutional Clients with Income Trusts

Institutionalized clients, who receive a 13th check and are subject to Income Trust provisions, are required to have the bonus check averaged over the 12-month period as a condition of eligibility. The recipient's representative must be instructed to contact the Public Employees' Retirement System (PERS) to make this change.

Other Recipients

For all other recipients, the 13th check is counted as income each December to determine eligibility for the month of December. To ensure each affected recipient has the bonus check counted as income in the month of December, a tickler must be set for November 1 on every state retirement recipient. A PERS listing is generated semi-annually to verify the 13th check.

Institutional clients who are eligible for December based on receipt of the bonus check will have the bonus payment averaged in the Medicaid Income computation pursuant to budgeting instructions.

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200.07.07 RAILROAD RETIREMENT BENEFITS

There are three basic categories of payments made by the Railroad Retirement Board (RRB):

- Life and Survivor annuities;
- Title II benefits certified by RRB; and
- Unemployment, sickness and strike benefits.

200.07.07A LIFE AND SURVIVOR ANNUITIES

Life annuities for retirement and disability are paid under the Railroad Retirement (RR) Act to the railroad employee and his/her spouse. Children of a living annuitant are not entitled to benefits. Any increase in a beneficiary's check because of a dependent child is unearned income to the RR beneficiary and is not the child's income.

Survivor annuities are payable to widows, widowers, children and dependent parents of railroad employees. A small number of widows received two annuities, a regular widow's check and a check payable to them as designated survivors of retired railroad employees who elected to receive reduced benefits during their lifetimes.

RR annuity payments are similar to Title II benefits in that a check for one month is paid the next month and cost of living adjustments (COLA) for RR annuities are effective the same month as Title II COLAs. However, since RRB benefits are computed on separate amounts, the COLA increase on the total may not be as high as for a Title II benefit. The Railroad Retirement COLA must be verified.

200.07.07B SOCIAL SECURITY BENEFITS CERTIFIED BY RRB

SSA may authorize the payment of Title II benefits for RR employees to RRB instead of directly to Treasury. Although RRB in these situations has responsibility for certifying Title II benefit to Treasury, they remain Title II benefits. Individuals entitled to this type of benefit receive two award notices. The first notice, from SSA, informs the beneficiary that RRB has responsibility for making Title II payments. The final notice, from RRB, specifies the amount of the first check. RR annuity payments and Title II benefits certified by RRB may be paid in a single check. In these cases, RRB may issue an interim notice before the final notice which specifies the amount of the first check.

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RAILROAD RETIREMENT BENEFITS (Continued)

200.07.07C UNEMPLOYMENT, SICKNESS AND STRIKE BENEFITS

Unemployment, sickness and strike benefits are computed on a daily basis with each check covering a period of up to two weeks. These claims are usually filed through the railroad employer or directly with RRB in Chicago.

200.07.07D DETERMINING THE AMOUNT OF THE RRB PAYMENT

RRB payments are counted as unearned income. Include the amount deducted from a RRB benefit for Medicare. The amount of the RRB annuity to charge as income is the amount before collection of any obligations of the annuitant.

Refer to the discussion in 200.08.04, Overpayment Recovery, for specific policy governing overpayments withheld from unearned income.

200.07.07E VERIFICATION OF RRB BENEFITS

Contact the appropriate Railroad Retirement Board district office for verification of benefits. Office addresses and counties served are listed in the Appendix.

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200.07.08 **MILITARY PENSIONS**

The Air Force, Army, Marine Corps, Navy and Coast Guard pay military pensions to military retirees and survivors normally on the first day of the month.

200.07.08A **CATEGORIES OF BENEFICIARIES**

There are three categories of beneficiaries who may be entitled to military payments:

- **RETIREE** - A person with 20 years of service who meet the requirements for entitlement;
- **ANNUITANT** – A Survivor who is designated by the retiree to receive benefits upon the death of the retiree under the Retired Serviceman's Family Protection Plan (RSFPP), Survivor's Benefit Plan (SBP) or both;
- **ALLOTTEE** – Anyone other than an annuitant of the RSFPP or SBP who is designated to receive money out of the service member's or retiree's check. Entitlement as an allottee terminates upon the death of the retiree. However, an allottee can become an annuitant when the retiree dies.

200.07.08B **TYPES OF ANNUITANTS**

The RSFPP and SBP annuitant programs pay money to surviving spouse(s) and children. The SBP program also pays:

- "Insurable interest" persons, i.e., someone other than a surviving spouse or child that a service member designates to receive survivor benefits based on monies withheld from his/her retirement payment under the provisions of the SBP program; and
- Minimum income level widows (MIW) who are certified by the VA as having low income and are referred by the Department of Defense (DOD).

200.07.08C **TREATMENT AND VERIFICATION OF MILITARY PENSIONS**

Military pensions are counted as unearned income. However, payments to Minimum Income Widows are counted as income based on need (IBON) not subject to the \$50/\$20 general income exclusion.

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TREATMENT AND VERIFICATION OF MILITARY PENSIONS (Continued)

If the person does not have sufficient evidence to verify benefits, the appropriate Military Finance Center should be contacted. Include the service member's full name, service identification number, if available, and SSN as well as the annuitant's or allottee's name and SSN. Specify the period for which payment information is needed and identify the pay plan (RSFPP or SBP) in the request.

Send requests directly to the appropriate address below:

Type	Military Finance Center Mailing Addresses
Retirees - Army, Navy, Air Force and Marine Corps	Defense Finance Accounting Service Retired Pay Operations Anthony J. Celebrezze Building 1240 E 9 th Street Cleveland, OH 44199
Annuitants - Army, Navy, Air Force and Marine Corps	Defense Finance Accounting Service Annuity Pay Operations 6760 Irvington Place Denver, CO 80279
Retirees/Annuitants - Coast Guard	United States Coast Guard Pay and Personnel Center RPD 444 SE Quincy Street Topeka, KS 6683-3591

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200.07.09 DEPARTMENT OF VETERANS AFFAIRS PAYMENTS (VA BENEFITS)

The Department of Veterans Affairs (VA) has numerous programs that make payments to recipients and their families. Treatment of those VA payments for SSI/Medicaid purposes depends on the nature of the payments. The most common types of VA payments discussed in this section are:

- Pensions
- Compensation
- Educational Assistance
- Aid and Attendance Allowance
- Housebound Allowance
- Clothing Allowance
- Payment Adjustment for Unusual Medical Expenses
- Payments to Vietnam Veterans' children with Spina Bifida
- Insurance Payments

Explore the possibility of receipt of, or potential eligibility for, a VA payment whenever it becomes known an applicant or recipient is:

- A veteran
- The child or spouse of a disabled or deceased service person or veteran
- An unmarried widow or widower of a deceased service person or veteran
- The parent of a service person or veteran who died before 1/1/1957 from a service-connected cause

VA and the Utilization of Benefits Provision

An applicant or recipient, who is potentially eligible for any type of VA benefits, must be advised in writing to apply for those benefits as a condition of eligibility. When a client is determined ineligible for VA benefits at home, the case must be documented for referral to VA if the client subsequently enters a nursing facility. DOM-312, Notice of Potential Eligibility for VA Benefits, is used to notify the client of the requirement to file and follow through with an application.

NOTE: VA Aid and Attendance (A&A) is not a required benefit under the Utilization of Benefits Provision. The potentially-eligible client must be advised to apply for A&A, but there is no penalty for failing to apply when it is the only benefit involved.

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200.07.09A VA PENSION PAYMENTS

Pension payments are based on a combination of service, an age of 65 or over and a nonservice-connected disability or death. With a few rare exceptions noted below, VA pension payments are based on need.

- **Payments for Dependents**

VA may consider dependents' needs in determining a pension; however, normally VA will not make a pension payment directly to a dependent during the lifetime of the veteran. Instead, the amount of the veteran's basic pension is increased if the veteran has dependents.

A VA pension payment that has been increased for dependents is an augmented VA payment. A VA pension payment made directly to the dependent of a living veteran is an apportioned payment. The treatment of these payments is discussed later in the VA Benefits section.

- **Frequency of Pension Payments**

Pension payments are usually paid monthly; however, when the monthly payment is less than \$19, VA will pay quarterly, bi-annually or annually. VA may also make an extra payment if an underpayment is due. VA payments made less frequently than monthly are income in the month received for Medicaid eligibility purposes.

- **Unusual Medical Expenses (UME)**

When computing some needs-based pension payments, VA deducts unusual medical expenses from any countable income. This computation may result in an increase in a pension payment or in an extra payment. An increase or extra payment resulting from this computation is not income. See full discussion of UME later in this chapter.

All VA pensions, except the exceptions listed below, are Federally-funded income based on need. As such, these payments are unearned income and the \$50/\$20 general income exclusion is not applied.

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VA PENSION PAYMENTS (Continued)

Exceptions

- VA Aid and Attendance and Housebound Allowances are not income. All or part of a VA pension may be subject to this rule.
- VA payments resulting from unusual medical expenses are not income. All or part of a VA pension payment may be subject to this rule.
- Certain pensions paid to veterans and their dependents are not needs-based. These pensions are unearned income and the \$50/\$20 general exclusion does apply. This exception applies to pensions paid on the basis of:
 - A Medal of Honor, or
 - A special act of Congress.

Assume that a VA pension is partially or entirely needs-based unless there is evidence to the contrary.

Veterans and Survivors Pension Improvement Act (VA Improved Pension)

This act signed, into law October 1978 and effective January 1979, changed the method of determining the pension payable. The new rates of payment are not automatic; therefore, the veteran or survivor must file an application with VA to establish entitlement under the improved pension.

In the majority of cases, entitlement under the improved pension results in increased payments; therefore, recipients who receive benefits under the old VA law must file for the improved pension as a factor of eligibility under the Utilization of Other Benefits provision.

If approved for the improved pension, the client must accept the improved pension if it results in increased payments. If accepting the improved pension results in less money, the client is not required to accept.

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200.07.09B VA COMPENSATION PAYMENTS

Compensation payments are based on service-connected disability or death and may be based on need. The following chart describes types of compensation payments and their treatment

TYPE	TREATMENT
Death Compensation and Dependency and Indemnity Compensation (DIC) payments to a surviving parent of a veteran	Counted as unearned income. Since these payments are determined by the parent's income, they are income based on need and the \$50/\$20 general income exclusion does not apply
Compensation payments resulting from unusual medical expenses, aid and attendance allowances and housebound allowances	Not counted as income
Compensation payments to a veteran, spouse, child or widow(er)	Counted as unearned income subject to the \$50/\$20 general income exclusion

Payments for Dependents

VA may consider dependents' needs in determining a compensation payment. Compensation may be paid directly to dependent parents based on the service-connected death of a child.

A VA compensation payment that has been increased for dependents is an augmented VA payment. A VA compensation payment made directly to the dependent of a living veteran is an apportioned payment. The treatment of each type of payment is discussed later in the VA Benefits section.

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200.07.09C VA EDUCATIONAL BENEFITS

VA provides educational assistance under a number of different programs, including vocational rehabilitation. Depending on the nature of the program, different SSI/Medicaid income and resource policies apply. Generally, veterans have up to ten years after leaving the service to complete their education and twelve years to complete a program of vocational rehabilitation. Dependents and survivors of veterans may also be eligible for educational benefits.

Frequency of Payment

Payments are usually made monthly for months the veteran is in school or according to the school year (quarter, semester, other). However, payments may be made less frequently if school attendance is less than full time.

“Contributory” Programs

Some programs are “contributory”. That is, the money is contributed by the veteran to an educational fund while the veteran is in service and the VA matches the money when it is withdrawn to pursue an education. The veteran has a right to withdraw as a lump sum the funds he has contributed.

If payments are made under a contributory program or the nature of the program is in question, obtain the amount of the veteran’s contributions remaining in the fund that can be withdrawn as a lump sum and the portion of any VA educational benefit payment that is a withdrawal of the veteran’s contributions to the fund.

Treatment of VA Educational Benefits

The following are not considered in determining VA income:

- **Vocational Rehabilitation** - Payments made as part of a VA program of vocational rehabilitation are not income, including any augmentation for dependents. Subsistence allowances received during vocational rehabilitation may be augmented, but the augmentation is not income.
- **Withdrawal of Contributions** – Any portion of a VA educational benefit that is a withdrawal of the veteran’s own contributions is conversion of a resource and is not income.

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VA EDUCATIONAL BENEFITS (Continued)

The following must be considered in determining countable VA educational income:

- Any VA educational benefit payment or portion of such a payment funded by the government that is not part of a program of vocational rehabilitation is unearned income.
- Any portion of the VA educational benefit used to pay for tuition, books, fees, tutorial services, or other necessary educational expenses is excluded from income.
 - For SSI/Medicaid purposes, only the portion of an educational payment that is income to the veteran obtaining the education is subject to the educational expenses exclusion. The augmented portion is not subject to the educational expenses exclusion.
- The \$50/\$20 general income exclusion applies to countable VA educational assistance and these payments are subject to deeming.

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200.07.09D **AUGMENTED BENEFITS**

As previously indicated, VA often considers the existence of dependents when determining a veteran's or veteran's surviving spouse's eligibility for pension, compensation and educational benefits. If dependents are involved, the amount of the benefit payable may be larger. However, the presence of dependents does not necessarily mean a payment will be augmented.

Apportionment

Apportionment is direct payment of the dependent's portion of VA benefits to a dependent spouse or child. On a case-by-case basis, the VA decides whether and how much to pay by apportionment. Apportionment reduces the amount of the augmented benefit payable to the veteran or the veteran's surviving spouse. The portion of a VA benefit paid by apportionment to a dependent spouse or child is VA income to the dependent spouse or child. It is not a support payment from the designated VA beneficiary.

Augmentation

An augmented benefit is an increase in benefit payment to a veteran or a veteran's surviving spouse or higher VA income eligibility limits because of a dependent. An augmented payment includes a designated VA beneficiary's portion and one or more dependent portions. The augmented payment is usually issued as a single payment to the veteran or veteran's surviving spouse.

The designated beneficiary's portion is that part of an augmented benefit that is attributable to the veteran or the veteran's surviving spouse. It is VA income to the designated beneficiary.

The dependent's portion is VA income to the dependent, provided the dependent resides with the designated beneficiary. The dependent's portion is not a support payment from the designated beneficiary.

An absent dependent's portion of an augmented VA benefit is not VA income to either the dependent or the designated beneficiary. This is true even if the designated beneficiary continues to receive the absent dependent's portion. The dependent's portion of a VA benefit is not VA income to an absent dependent unless he receives it directly as an apportioned payment. Any portion of the benefit retained by the designated beneficiary is a countable resource.

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AUGMENTED BENEFITS (Continued)

Example: Raymond Jones is a Medicaid recipient. He has one dependent, Robert Jones, 17, who does not reside with him. Mr. Jones' VA pension is \$450 per month, which includes a portion for Robert. The VA verified Mr. Jones' portion of the VA payment as \$400. This is the amount of VA income counted for Mr. Jones. The \$50 augmented payment is not counted.

Under the Utilization of Benefits provision, the applicant who is an absent dependent of a veteran or veteran's surviving spouse receiving VA compensation, pension or educational benefits may be required to file for an apportioned (direct) payment as a condition of eligibility unless apportionment has been denied since the dependent began living apart from the designated beneficiary.

Other Payments to Absent Dependents

Any payment made from the designated beneficiary directly to an absent dependent is unearned income in the form of a gift, a support payment, or other income, not VA income.

200.07.09E VA CLOTHING ALLOWANCE

A lump sum clothing allowance is payable in August of each year to a veteran with a service-connected disability for which a prosthetic or orthopedic appliance, including a wheelchair, is used. The allowance is intended to help defray the increased cost of clothing due to wear and tear caused by the use of such appliances. A VA clothing allowance is not income for eligibility or Medicaid Income purposes.

200.07.09F PAYMENTS TO VETERANS' CHILDREN WITH CERTAIN BIRTH DEFECTS

These VA payments are made to, or on behalf of, the natural children of veterans, regardless of age or marital status, who are in the following categories:

- Vietnam veterans' children for any disability resulting from spina bifida;
- Korea service veterans' children for any disability resulting from spina bifida;
- Women Vietnam veterans' children for certain birth defects.

These payments are excluded from income and resources. The interest earned on unspent funds is excluded effective July 2004.

NOTE: While individuals receiving these payments are children of veterans, many would not meet the SSI definition of "child". They may be applicants/recipients and/or have spouses or children who are applicants/recipients.

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200.07.09G VA AID AND ATTENDANCE AND HOUSEBOUND ALLOWANCES

VA pays an allowance to veterans, spouses of disabled veterans and surviving spouses who are in regular need of the aid and attendance of another person or are housebound. This allowance will be combined with the individual's pension or compensation payment.

Treatment of VA Aid and Attendance and Housebound Allowances

VA Aid and Attendance and Housebound Allowances are not counted as income for eligibility purposes and must be excluded from the total VA payment when determining eligibility. In addition, these payments are not considered third party payments. Anyone in a nursing home who receives VA is potentially eligible for VA Aid and Attendance, except:

- Individuals drawing a "child's" benefit, i.e., those who became disabled prior to age 18 and draw a child's benefit into adult years, are not eligible for Aid and Attendance.
- Someone drawing only VA Insurance benefits is not eligible for Aid and Attendance. Individuals who draw a VA Insurance benefit usually also receive a DIC benefit and are potentially eligible for Aid and Attendance. However, it is possible for someone to draw only the VA Insurance payment. If the person draws only VA Insurance benefits, that person is not eligible for Aid and Attendance.

A nursing home applicant potentially eligible for VA Aid and Attendance must be advised in writing to apply for the payment. However, the penalty for failure to apply for the benefit is not applicable when the only benefit involved is VA Aid and Attendance.

Deeming

The income of an ineligible spouse or parent who receives income based on need is not deemed to an eligible in an at-home case. Needs-based pension and compensation payments are not deemable along with any other income of the ineligible. However, if an ineligible spouse or parent receives a VA payment that is attributed solely to A&A, the receipt of the payment will result in deeming of the remaining income of the ineligible to the eligible.

For example, if an ineligible spouse receives Social Security and VA that is attributed solely to A&A, the ineligible's Social Security would be deemable to the eligible. However, if the ineligible receives a VA needs-based pension or needs-based compensation payment in addition to payment for A&A, all income of the ineligible is non-deemable to the eligible person.

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200.07.09H VA PAYMENT ADJUSTMENT FOR UNUSUAL MEDICAL EXPENSES (UME)

VA considers unusual medical expenses when determining some needs-based pension and compensation payments. Expenses which exceed 5 percent of the maximum annual VA payment rate are considered unusual. The amount of the unusual medical expenses is deducted from countable income when computing the VA payment. As a result, the veteran, survivor or dependent may receive:

- A higher monthly VA payment,
- An extra payment or
- An increase in an extra payment.

Treatment of UME

VA payments resulting from unusual medical expenses are not income for eligibility or Medicaid Income purposes. These payments are considered as reimbursements for medical expenses or services that are excluded in the definition of income. Any unspent VA payments resulting from unusual medical expenses are resources if retained into the calendar month following the month of receipt.

NOTE: Prior to July 1, 1994, any VA increase or extra payment resulting from unusual medical expenses was income. The client was required to claim UME as part of the VA Improved Pension application process if UME would result in a higher benefit whether the client lived at home or in a nursing facility as part of the Utilization of Other Benefits provision.

Deeming

Under the deeming provision, the income of an ineligible spouse or parent who receives income based on need is not deemed to an eligible spouse or child in at-home cases. Needs-based pension and needs-based compensation payments are non-deemable along with any other income of the ineligible. However, if an ineligible spouse or parent receives a VA payment that is solely attributed to UME, the receipt of such payment will result in deeming the remaining income of the ineligible to the eligible.

For example, if an ineligible spouse receives Social Security and VA that is attributed solely to UME, the ineligible's Social Security would be deemable to the eligible. However, if the ineligible receives a VA needs-based pension or needs-based compensation payment in addition to payment for UME, all income of the ineligible is non-deemable to the eligible person.

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200.07.09I IS/CS CASES WITH UME OR A&A

If the institutional client (IS) receives non-countable income from UME or A&A, the community spouse (CS) will be allowed to receive the IS' payment attributable to UME or A&A in addition to the CS allocation amount computed in the Medicaid Income computation.

If the CS is not entitled to Medicaid, the extra income will have no impact. However, if the CS is Medicaid-eligible at home, the income that represents the UME (or A&A) payable to the IS is income to the CS. UME (and A&A) is disregarded as income only to the one entitled to the payment. When it becomes income available to the CS, it is income to the CS. If the income is given to anyone else, the possibility of a transfer of resources exists.

If the CS does not receive the income attributed to UME (or A&A), the possibility of excess resources building up for the IS exists. In this case, resources must be monitored closely.

Income Trust Cases

Count only basic VA benefits (as verified by VA) as an Income Trust client's total income available to fund the Income Trust. Any UME (or A&A) that is not counted as income can be retained by the client and/or spouse, as discussed above. The Income Trust Detail Sheet needs to specify the amount of VA that is not income.

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200.07.09J VA CONTRACT PATIENTS IN NURSING FACILITIES

Certain veterans qualify for VA contract payments which cover nursing home care for one to six months. The contract period begins with the date of the nursing home placement and covers the date of admission, but not the date the contract expires. For example, if a veteran is placed in a nursing facility under VA contract effective January 12, the contract will expire July 15 and VA will not reimburse the facility for the day of July 15.

It is possible for a service-connected veteran to be under VA contract in a nursing facility for an indefinite length of time. These individuals are not subject to the six-month limit for a VA contract as are nonservice-connected veterans.

Eligibility for Medicaid benefits other than nursing home reimbursement can begin prior to the date a VA contract expires, depending on the date the application is filed and provided the individual is eligible on all other factors. Reimbursement cannot begin until the date the VA contract expires.

Do not count VA money paid to the nursing home as income to the Medicaid applicant. Although a VA contract payment is a third party medical payment, it is not a payment subject to recovery by Medicaid.

The veteran's ongoing VA benefits may be reduced during the VA contract period and returned to the full amount following expiration of the contract. When verifying VA income for eligibility purposes during a VA contract period, determine if reduced benefits are involved and determine when full benefits will resume. Benefits are usually raised in the month following the month the contract ends.

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200.07.09K REDUCTION IN VA PENSION FOR VETERANS AND SURVIVING SPOUSES IN NURSING HOMES

Federal law limits the maximum pension that can be paid to or for veterans, who have neither a spouse nor a child, or surviving spouses (widows or widowers) without children who are covered by Medicaid for services furnished by a nursing facility to \$90. The maximum is \$90; therefore, the reduced pension payment may be less than \$90. The reduced pension of \$90 or less is VA Aid and Attendance in all cases, and is not income for eligibility purposes.

Since Federal law prohibits counting the reduced pension toward the veteran's cost of care (Medicaid Income), the Personal Needs Allowance (PNA) for all clients receiving a reduced pension is equal to the pension payment received. This is discussed further in the budgeting section.

Single veterans and surviving spouses of veterans (with no dependents) in nursing homes who become Medicaid-eligible must be referred to VA to determine if their VA pension is subject to the \$90 limit. The worker must set appropriate ticklers to check with VA to determine the case action needed.

\$90 VA Reduced Pension and Income Trust Cases

When a client who is eligible for long term care nursing home coverage under an Income Trust becomes entitled to the \$90 reduced pension and the client continues to need the Income Trust to remain eligible, do not count the \$90 as income to the Income Trust client.

The \$90 reduced pension is entered into MEDS as VA Reduced Pension and the remaining income of the client (which should continue to be \$1 less than the Institutional Income limit) is shown as Trust Income. The client will correctly receive the \$90 PNA in the Medicaid Income computation. A new Income Trust Detail Sheet is required to show the \$90 PNA.

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200.07.09L VA BENEFIT ALLOCATED TO A SPOUSE RECEIVING IBON

When the **spouse** of an applicant or recipient receives Income Based on Need (IBON), the source of the IBON may count a portion of the VA benefit as income to the spouse receiving the IBON. When this occurs, a deduction will be made from the VA benefit of the Medicaid client equal to the amount counted as income by the IBON source.

Verify from the source of the IBON (not VA) the amount of the VA benefit counted as income to the spouse. This amount will be deducted from the countable VA benefit verified by VA.

Example: An applicant receives a VA pension and his spouse receives SSI. SSI verifies \$50 of the VA pension is the spouse's income in the SSI computation; therefore, \$50 is deducted from the client's verified VA pension.

200.07.09M DETERMINING THE AMOUNT OF VA PAYMENTS

Whether or not an entire VA payment is counted as income depends on the type of VA payment being made and the policy in effect in the month of payment.

Overpayments recovered from VA benefits are included as income in determining eligibility and Medicaid Income. Refer to the discussion in Overpayment Recovery for specific policy governing overpayments withheld from unearned income.

In cases where VA "suspends" VA Improved Pension benefits for failure to verify medical expenses, it is not correct to adjust the VA benefit to zero. VA benefits are only temporarily suspended and will be restored back to the date suspended when verification is received. The benefit in effect prior to the suspension date continues to count as income until VA benefits are restored because the recipient remains entitled to the VA benefit. Any lump sum retroactive VA payment to restore suspended benefits is not counted as income since the income has already been counted.

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200.07.09N VERIFICATION OF VA PAYMENTS

Verification of benefits paid by the VA is obtained by writing the appropriate VA Center. Written verification is obtained by use of the VA verification form. These forms are mailed to:

Veterans' Service Division
VA Regional Office
1600 E Woodrow Wilson Drive
Jackson MS 39216

To obtain written verification of VA Insurance benefits, write to:

VA Center
P O Box 8079
Philadelphia PA 19101

VA Insurance payments do not change once the benefit amount has been determined. Once this benefit amount has been verified, it is not necessary to re-verify the benefit amount.

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200.07.10 UNEMPLOYMENT INSURANCE BENEFITS

Unemployment insurance benefits, also known as unemployment compensation, means payments received under a state or federal unemployment law and additional amounts paid by unions or employers as unemployment benefits.

Unemployment compensation is unearned income. A computer match with the Mississippi Department of Employment Security (MDES) is completed at application and redetermination to check for receipt of these benefits.

200.07.11 WORKERS' COMPENSATION

Workers' Compensation (WC) payments are awarded to an injured employee and his/her survivor(s) under federal and state WC laws, such as the Longshoremen and Harbor Workers' Compensation Act. The payments may be made by a federal or state agency, an insurance company or an employer.

- The WC payment less any expenses incurred in obtaining the payment is counted as unearned income.
- Any portion of a WC payment or award that the authorizing or paying agency designates for medical, legal or other expenses attributable to obtaining the WC award is not income. The expenses may be past, current or future. The WC payments designated for such expenses may be received in a lump sum or as a continuing payment.
- If an individual alleges having incurred expenses that exceed the amounts designated for expenses, or to which no amount was designated, the normal rules pertaining to the expenses of obtaining income apply.
- Requests for verification of WC payments are sent to state office for an on-line inquiry. DOM-333 may be used to provide pertinent information for the inquiry. If information from the on-line query conflicts with the client's statement or information provided by the client, contact with the paying agency may be necessary.

200.07.12 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

TANF provides a monetary grant to families under a program that uses income as a factor of eligibility and is partially funded by federal block grants.

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TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

TANF payments are considered income based on need (IBON). If a Medicaid client is included in the TANF family unit, the client's share of the TANF grant is counted dollar for dollar as income and the \$50/\$20 general income exclusion does not apply.

In Mississippi, the maximum payment is made based on an incremental method (grant increases or decreases with changes in family size) as follows:

- \$110 for the first person
- \$36 for the second person
- \$24 for each additional person

Determining the Client's Share of the TANF Grant

To determine the client's share of the grant, figure the difference between the grant actually paid and the payment without the client. If the maximum TANF grant is not being received, contact with DHS may be needed to determine the client's share. If the grant amount without including the client is the same or more, the client's share is zero.

Other TANF Payments

TANF incentive payments, additional payments made as a reward for compliance with program requirements, are also IBON and the \$50/\$20 general income exclusion does not apply. Participation allowances for the TANF program are reimbursements.

There is no federal bar to simultaneous SSI/TANF eligibility; however, Mississippi, like most states, does not include SSI recipients' needs or income in the TANF grant.

200.07.13 BUREAU OF INDIAN AFFAIRS (BIA) GENERAL ASSISTANCE(GA)

Bureau of Indian Affairs General Assistance (BIA GA) is a federally funded program administered by the Bureau of Indian Affairs (BIA) through its local agency or a tribe. The program makes periodic payments to needy Indians. The administering agency determines need according to the standards used by State welfare agencies for Aid to Families with Dependent Children (AFDC). BIA GA payments are federally funded income based on need and, therefore, count as income on a dollar-for-dollar basis regardless of whether they are paid in cash or in kind. The \$50/\$20 per month general income exclusion does not apply.

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200.07.14 **FOSTER CARE AND ADOPTION ASSISTANCE**

Foster Care

An individual (adult or child) is considered to be in foster care when:

- A public or private nonprofit agency places the individual under a specific placement program; and
- The placement is in a home or facility which is licensed or otherwise approved by the state to provide care; and
- The placing agency retains responsibility for continuing supervision of the need for such placement and the care provided.

A foster care payment is a payment made to the foster care provider for meeting the needs of the individual in care. An agency may make an additional payment to the foster care provider, which is not intended to support the individual in care, for the provider's own use. While these two payments may be combined and termed "foster care" payment by the issuing agency, only the part that is intended to meet the needs of the individual in care is the foster care payment. Treatment of foster care payments depends on the funding source of the payment, the purpose of the payment and whether the Medicaid recipient is the provider or beneficiary of the care.

Adoption Assistance

Adoption assistance programs provide payments and/or services for the child for whom unassisted adoption is unlikely because of age, ethnic background, disability, etc. The income of the adoptive parent, the adopted child or both may be considered in determining the payment. Usually adoption assistance will be formalized by a written agreement between the adopting parents and the agency involved. Adoption assistance may be provided by public or private agencies and may be based on need.

200.07.14A **FOSTER CARE PAYMENTS UNDER TITLE IV-E**

Title IV-E foster care payments are income based on need (IBON) to the individual in care. This income is not subject to the \$50/\$20 general income exclusion. Amounts paid to the provider in excess of the foster care payment, e.g., incentive or service payments, which are not intended to support the child, and are in addition to the foster care payment are counted as income to the provider.

NOTE: Payments made under Section 477 of Title IV-E, Independent Living Initiatives, are cash assistance from a governmental social services program and do not count as income.

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FOSTER CARE AND ADOPTION ASSISTANCE

200.07.14B ADOPTION ASSISTANCE UNDER TITLE IV-E

Adoption assistance provided by states under Title IV-E involves federal funds and is needs based. Under IV-E, there is no income test for the adopting parents, but the children must be those who are, or could be, eligible for AFDC or SSI prior to adoption. Therefore, there is an income test for children who receive IV-E adoption assistance. Concurrent receipt of IV-E adoption assistance and SSI is permissible.

Adoption assistance cash payments made to adoptive parents under Title IV-E are federally-funded income based on need (IBON) to the adopted child. This income is not subject to the \$50/\$20 general income exclusion. The total payment is considered cash income to the adopted child and is counted dollar for dollar. Social services may be provided to the adoptive parents under Title IV-E, but they are not counted as income.

200.07.14C OTHER TYPES OF ASSISTANCE

The following chart lists other types of foster care and adoption assistance and their treatment.

INCOME	TYPE	TREATMENT
Foster Care Payments Under Title IV-B or Title XX	Not Income	Payments are social services.
Adoption Assistance through Title IV-B or Title XX	Not Income	Payments are social services.
Other Foster Care Payments	Unearned	These payments are subject to general policy pertaining to income and income exclusions.
Other Adoption Assistance Payments	Unearned	These payments are subject to general policy pertaining to income and income exclusions and may be income to the parent of child depending on the type of assistance.

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200.07.15 SUPPORT PAYMENTS - SPOUSAL SUPPORT, ALIMONY

Alimony and support payments are cash contributions to meet some or all of a person's needs for food and shelter. Support payments may be made voluntarily or because of a court order. Alimony, sometimes call "maintenance" is an allowance made by a court from the funds of one spouse to the other spouse in connection with a suit for separation or divorce. Alimony and spousal support payments are counted as unearned income to the recipient.

Deeming

The income used to make court-ordered support payments by an ineligible spouse, ineligible parent or ineligible child is excluded from the deemor's income.

200.07.16 SUPPORT PAYMENTS – CHILD SUPPORT

A child support payment is payment from a parent to or for a child to meet the child's needs for food and shelter. Child support can be voluntary or court-ordered.

Absent Parent

An absent parent is a parent who does not live in the same household as the child. If periods of living together are brief and the child remains independent or under the care and control of another person, agency or institution, or is living in the home of another, the parent is usually considered absent unless the parent retains parental control and responsibility.

A parent is not considered absent if the parent is away due to employment, intends to resume living with the child and retains parental control and responsibility. A child (or parent) who is a boarding student in an educational facility is not considered absent.

200.07.16A TREATMENT OF CHILD SUPPORT PAYMENTS

Child support payments (including arrearage payments) are unearned income to the child. An arrearage payment is one that was due, but not paid timely and is being paid to comply with an unfulfilled past obligation. Exclude one-third of the amount of the child support payment made to or for an eligible child by an absent parent.

Verify amount and frequency using court records, records of an agency where payments are made, documents in the individual's possession or contact with the source of the payment.

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TREATMENT OF CHILD SUPPORT PAYMENTS (Continued)

When a single support payment, e.g., one check, is made for two or more persons, review the legal document that describes the support payments. If the legal document states the amount of each person's share, divide the payment according to the terms of the document. If not, divide the payment equally. If no legal document exists, contact the payment source to establish intent and allocate the support payment according to that intent. If contact with the source is unsuccessful, accept the recipient's signed allegation about how the support should be allocated. If the recipient cannot state how the support should be allocated, divide the payment equally.

Deeming

The one-third exclusion of a child support payment applies to the eligible child only. The disregard is not applied when an ineligible child receives child support payments which are considered in a deeming computation. In addition, the income used to make court-ordered or Title IV-D support payments by an ineligible spouse, ineligible parent or ineligible child is excluded from the deeming's income.

Adult Children

Child support payments (excluding arrearages) received by a parent after an adult child stops meeting the definition of a "child" are income to the adult child, whether or not the adult child lives with the parent or receives any of the child support from the parent. These payments are not subject to the one-third reduction.

When a parent receives child support arrearage payments on behalf of an adult child:

- Any portion of the arrearage payment that the parent receives and does not give to the adult child is income to the parent.
- Any amount of the arrearage payment that the parent gives to the adult child is income to the adult child in the month given, not income to the parent. The one-third reduction does not apply.
- When an adult child receives an arrearage payment directly from the absent parent, the arrearage payment is income to the adult child. The one-third reduction does not apply.

Child support payments and arrearages received by a parent on behalf of a deceased child or adult child are income to the parent who receives them.

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200.07.17 **RENTAL INCOME**

Rent is payment that a person receives for the use of real or personal property, such as land, housing or machinery. Net rental income is gross less the ordinary and necessary expenses paid in the same taxable year. In determining Medicaid eligibility for at-home and institutional categories, consider net rental income.

Deductible Expenses

Ordinary and necessary expenses are those necessary for the production or collection of rental income. In general, these expenses include:

- Interest on debts;
- State and local taxes on real and personal property and on motor fuel;
- General sales tax;
- Expenses of managing or maintaining the property.

Specific examples of deductible expenses include:

- Interest and escrow portions of a mortgage payment at the point the payment is made to the mortgage holder;
- Real estate insurance;
- Repairs, i.e., minor corrections to the existing structure;
- Property taxes;
- Lawn care;
- Snow removal;
- Advertising for tenants;
- Utilities.

Nondeductible Expenses

The following are not allowable expenses:

- Principle portion of a mortgage payment;
- Capital expenditures, i.e., an expense for an addition or increase in value of the property which is subject to depreciation for tax purposes (For example, a new roof or replacement of the central heating and air unit.)
- Depreciation or depletion of property.

NOTE: If uncertain about whether an expense is allowable, e.g., whether it is an incidental repair or a capital expenditure, refer to IRS Publication 527 or contact the local Internal Revenue Service (IRS).

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Treatment of Rental Income

- Expenses are deducted when paid, not when incurred.
- Net rental income is counted as unearned income unless it is earned income from self-employment (such as someone in the business of renting properties).
- Rental deposits are not counted as income to the landlord, while subject to return to the tenant. However, rental deposits used to pay rental expenses do become income to the landlord at point of use.
- In determining net rental income, do not consider rents received or expenses paid in months prior to Medicaid eligibility.
- In determining net rental income, do consider rents received or expenses paid in a month in which the case is ineligible as if the case had been in an eligible status (interim months of ineligibility).
- For multiple family residences:
 - If the units in the building are of approximately equal size, prorate allowable expenses based on the number of units designated for rent compared to the total number of units;
 - If the units are not approximately equal size, prorate allowable expenses based on the number of rooms in the rental units compared with the total number of occupied or unoccupied rooms in the building.
 - Any expenses strictly related to a particular rental unit are deducted in total from rent for that unit and not prorated.
- For rooms in a single family residence:
 - Prorate allowable expenses based on the number of rooms designated for rent compared to the number of rooms in the house, excluding bathrooms and counting basements or attics only if they have been converted to living spaces, e.g. recreation rooms).

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RENTAL INCOME (Continued)

- Any expenses strictly related to a particular rental room are deducted in total from rent for that room and not prorated.
- For land, prorate based on the percentage of total acres for rent.
- For joint ownership, apportion the income equally among the owners unless a distribution other than equal apportioning is verified. Apportioning is not necessary in cases where the income is combined for the couple who jointly own rental property.

Determining Net Rental Income

- **Determine** gross rent received and deductible expenses month by month.
- **Subtract** deductible expenses paid in a month from gross rent received in that same month.
- If deductible expenses exceed gross rent in a month, subtract **excess expenses** from the next month's gross rent and continue doing this as necessary until the end of the tax year in which the expense is paid.
- If there are **still excess expenses**, subtract them from the gross rent received in the month prior to the month the expenses were paid and continue doing this as necessary to the beginning of the tax year.
- **Do not** carry excess expenses over to other tax years and do not use them to offset other income.

Example: An individual receives \$100 gross rental income monthly. He pays allowable expenses of \$200 in July and \$400 in November. His taxable year is January 1 through December 31. The allocation is as follows:

The \$200 allowable expenses paid in July reduce the net rent to zero in July (the month the expenses were paid) and in August (the subsequent month). The \$400 allowable expenses paid in November, reduce the net rental income to zero in November (the month paid), December (the subsequent month), October (the preceding month) and September (the next preceding month).

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RENTAL INCOME (Continued)

Timely Submission of Allowable Expenses

Allowable expenses must be submitted timely in order for the expense to be considered as a deduction from rental income. The policy specifies to begin the deduction in the month in which the expense is paid. For each month the expense is not submitted after payment of the expense, the deduction is lost; although any excess may be allowed in a subsequent month or month prior to payment if an excess exists at the end of the tax year.

Verification of Rental Income

Request the individual's federal income tax return, including Schedule E, for the most recent closed tax year and retain a copy for the file. This will be helpful in identifying the most usual expenses deducted from rental income in the past and aid in estimating rental income for the future. Regardless of whether the most recent tax return is available, also request other records (bills, receipts, etc.) to establish gross rental income and allowable expenses for the period involved.

Verification of the amount of rental income and dates received, and of the amount of allowable expenses and the dates paid must be documented in the file. Copies of all record (bills, receipts, etc.) used in computing the amount of net rental income must be in the file. If the individual has no tax return or other records, obtain the individual's signed statement of the reason no records are available and providing his allegation of gross rental income and allowable expenses for the period involved.

Use an individual's amortization schedule to determine interest expense. If a schedule is not available, divide the yearly interest by twelve to determine monthly interest.

Estimating Future Rental Income

When projecting future rental income, use the documentation obtained from the prior year as discussed above to estimate anticipated income and expenses for the current tax year. For future periods, deduct only those expenses which are predictable, i.e., those which recur regularly and can be estimated with a reasonable degree of accuracy. Examples of predictable expenses include interest payments, property taxes, insurance premiums and utilities. Do not project variable or unpredictable expenses. Consider variable expenses after they have been paid when payment can be documented. Examples of variable expenses include repairs and advertising costs.

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200.07.18 DIVIDENDS AND INTEREST

Dividends and interest are returns on capital investments such as stocks, bonds or savings accounts. Dividends and interest are unearned income at the earliest of the following:

- The month they are credited to an individual's account and are available for use;
- The month they are set aside for the individual's use; or
- The month they are received by the individual.

Account service fees or penalties for early withdrawal do not reduce the amount of interest or dividend income.

Treatment of Dividends and Interest

Count dividends or interest as income or excluded income based on the following criteria:

- When the source of the dividends or interest is a countable resource, the dividends or interest generated is excluded income for programs with an asset test. (**NOTE:** The Medicare Cost Sharing programs (QMB, SLMB, and QI) do not have an asset test so the exclusion does not apply to them.)
- When the source of the dividends or interest is a resource which is excluded under federal statute, the dividends or interest generated is excluded income. Examples are: Agent Orange payments, Austrian Social Insurance payments, Japanese-American and Aleutian Restitution payments, Radiation Exposure Compensation Trust Fund payments, Ricky Ray Hemophilia Relief funds, payments to Veterans' Children with Certain Birth Defects, etc. The treatment of dividends and interest is included in the discussion of each income source in this chapter.
- When the source of the dividends or interest is a resource excluded by the Social Security Act, dividends or interest generated on the excluded resource may or may not be excluded. Treatment is specific to the excluded resource. Some examples are: burial funds and burial spaces, relocation assistance, PASS funds, gifts to children with life-threatening diseases, victim's compensation, grants, scholarships, fellowships and gifts, etc. The treatment of dividends and interest is included in the discussion for each income source in this chapter.
- Under liberalized income policy, interest, dividend and royalty income or any combination that does not exceed \$5 per month per individual is excluded.

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DIVIDENDS AND INTEREST (Continued)

- In post-eligibility budgeting to determine Medicaid Income, recurring income that varies in amount or frequency, such as dividends and interest, is averaged if the client is income-eligible in the month the payment is received without averaging. Refer to the Institutionalization chapter for more information.

200.07.19 ROYALTIES

Royalties include compensation paid to the owner for the use of property, usually copyrighted material, e.g., books, music or art, or natural resources, e.g., minerals, oil, gravel or timber. Royalty compensation may be expressed as a percentage of receipts from using the property or as an amount per unit produced. To be considered royalties, payments for the use of natural resources also must be received:

- Under a formal or informal agreement whereby the owner authorizes another individual to manage and extract a product (like timber or oil) and
- In an amount that is dependent on the amount of the product actually extracted.

Royalties are counted as unearned income unless they are:

- Received as part of a trade or business; or
- Received by an individual in connection with any publication of his work. Royalties earned by an individual in connection with any publication of his work are earned income (for example, publication of a manuscript, magazine article or artwork).

Some documents concerning royalty payments will provide both a gross and a net payment amount. When the difference between the gross and net figures is due to income taxes withheld or windfall profit tax deductions, use the gross figure in determining income. However, when the difference between the gross and net figures represents a production or severance tax (for example, most oil royalties will be reduced by this tax), use the net figure when determining income. The production or severance tax is a cost of producing the income and therefore, deducted from the gross income. Under liberalized income policy, interest, dividend and royalty income that does not exceed \$5 per month per individual is excluded. The exclusion applies to either income type or a combination of the three types up to the \$5 maximum.

In post-eligibility budgeting to determine Medicaid Income, recurring income that varies in amount or frequency, such as royalties, is averaged if the client is income-eligible in the month the payment is received without averaging. Refer to the Institutionalization chapter for more information.

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200.07.20 AWARDS

An award is something received as the result of a decision by a court, board of arbitration or the like. Use documents in the individual's possession or contact with the court, board, etc., to verify the amount of the award, the payment date and if needed, the purpose(s) of the payments, e.g., reimbursement for medical expenses. An award is counted as unearned income subject to the general rules pertaining to income and income exclusions.

200.07.21 GIFTS

A gift is something a person receives which is not repayment for goods or services the person provided and is not given because of a legal obligation on the giver's part. A gift is something that is given irrevocably, i.e., the giver relinquishes all control. Donations and contributions may meet the definition of a gift.

A gift received as the result of a death is a death benefit.

A gift of a house which is used for shelter is valued under the presumed maximum value (PMV) rule. A gift of a house which is not shelter is valued at its current market value (CMV). Refer to 200.13.04, In-Kind Support and Maintenance (ISM).

Accept an individual's signed estimate of the value of the gift (or actual value if cash) unless you have reason to doubt the estimate. Otherwise, determine the item's CMV with an independent source.

A gift is unearned income subject to general rules pertaining to income and income exclusions. Determine the nature of the gift and apply appropriate policy.

Gifts Used to Pay Tuition, Fees or other Necessary Educational Expenses

Effective June 1, 2004, gifts (or a portion of a gift) used to pay for tuition, fees or other necessary educational expenses at any educational institution, including vocational and technical education, are excluded from income. They are also excluded from resources for the 9-month period beginning the month after the month the gift was received. For more information, refer to the discussion of the treatment of income used for educational expenses in 200.09.25 below.

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200.07.22 GIFTS OF TRAVEL TICKETS

Domestic Travel Tickets

Domestic travel is travel in or between the 50 states, the District of Columbia, Puerto Rico, the US Virgin Islands, Guam, American Samoa and the Northern Mariana Islands. A domestic ticket received as a gift is treated as unearned income in the month the ticket was converted to cash. The value of a ticket for domestic travel received by an individual, his spouse or parent whose income is subject to deeming is excluded from income if the ticket is received as a gift and was used for transportation or retained and has not been converted to cash (e.g., cashed in or sold, etc.).

Non-Domestic Travel Tickets

The gift of a non-domestic travel ticket that cannot be converted to cash (non-refundable) or used to obtain food or shelter is not considered income even if the ticket was used for transportation. Travel tickets that can be converted are income and counted as unearned income at the current market value in the month of receipt whether or not the ticket was used for transportation.

200.07.23 PRIZES

A prize is generally something won in a contest, lottery or game of chance. A prize is counted as unearned income subject to the general rules pertaining to income and income exclusions. Do not subtract gambling losses from gambling winnings in determining an individual's countable income. If a person is offered a choice between an in-kind prize and cash, the cash offered is counted as unearned income even if the individual chooses the in-kind item, regardless of the value, if any, of the in-kind item.

200.07.24 GIFT CARDS AND GIFT CERTIFICATES

The value of a gift card or gift certificate is unearned income in the month it is received if the gift card or certificate can be used to purchase food or shelter **or** can be resold. Absent evidence to the contrary, presume a gift card or certificate can be resold. Evidence to the contrary could include a legally enforceable prohibition on resale or transfer of the card/certificate imposed by the card issuer/merchant printed on the card or certificate. The value of the gift card/certificate is subject to general rules pertaining to income and income exclusion, e.g., infrequent or irregular income exclusion policy.

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200.07.25 WORK-RELATED UNEARNED INCOME

The following work-related payments are counted as unearned income:

- Certain in-kind items provided as remuneration for employment, e.g., in-kind payments of food or shelter to domestic employees;
- Money paid to a resident of a public institution when no employer/employee relationship exists;
- Tips under \$20 per month;
- Jury fees, i.e., fees for services, not expense money.

200.07.26 SICK PAY AS UNEARNED INCOME

Any payments on account of sickness and accident disability paid more than six full months after work stopped because of that sickness or disability are unearned income.

200.07.27 DEATH BENEFITS

A death benefit is something received as the result of another's death. Examples include:

- Proceeds of life insurance policies received due to death of the insured;
- Lump sum death benefits from SSA;
- RR burial benefits;
- VA burial benefits;
- Inheritances in cash or in kind;
- Cash or in-kind gifts given by relatives, friends, or a community group to "help out" with expenses related to death.

NOTE: Recurring survivor benefits such as those received under Title II, private pension programs, etc., are not death benefits.

Death benefits are counted as income to the extent the total amount exceeds the expenses of the deceased person's last illness and burial paid by the recipient of the benefit. Last illness and burial expenses include: related hospital and medical expenses; funeral, burial plot and interment expenses, and other related expenses. If an expense is incurred but not paid, assume the individual will pay the expense unless there is reason to question the situation. No follow-up is required if the assumption is applied.

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DEATH BENEFITS (Continued)

To determine the income derived from death benefits, subtract the total expenses for the last illness and burial from the total death benefits. Charge the income in the month the death benefit(s) is received. If death benefits are received in more than one month, assume that the funds first received are the first spent.

Example: Last illness and burial expenses total \$10,000. Two death benefits are received - \$5,000 in January and \$6,000 in February. Charge the remaining \$1,000 of the death benefit received in February as income in February.

Death benefits that are not income are also not a resource for one calendar month following the month of receipt. This allows time for the death benefit to be used for last illness/burial expenses. Death benefits retained into the second calendar month following receipt are countable resources.

200.07.28 INHERITANCE

An inheritance is cash, a right or a noncash item(s) received as the result of someone's death. An inheritance is a death benefit.

NOTE: Until an item or right has a value (i.e., can be used to meet the heir's need for food or shelter), it is neither income nor a resource. The inheritance is income in the first month it has a value and can be used.

An inheritance is not income to a person if the inheritance is something that was considered that person's resource (either as a member of an eligible couple or through deeming of resources) immediately before the death.

NOTE: The proceeds of a life insurance policy were not a resource before the death.

200.07.29 CHOCTAW TRIBAL BONUS

Recurring lump sum payments, such as the Choctaw Tribal bonus, are considered income in the month of receipt for Medicaid eligibility purposes. In post-eligibility budgeting to determine Medicaid Income, these payments are averaged if the client is income-eligible in the month the payment is received without averaging. Refer to the Institutional chapter for more information.

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200.07.30 EDUCATIONAL ASSISTANCE

Educational assistance is provided in many forms. Treatment will vary depending on the nature and sometimes the use of the assistance. Educational assistance may be earned or unearned and may be counted or excluded.

The following are specific types of educational assistance:

- VA Educational Benefits discussed at 200.09.09C;
- Assistance under Title IV of the Higher Education Act (HEA) of 1965 or Bureau of Indian Affairs discussed at 200.09.28A;
- Grants, Scholarships, Fellowships and Gifts discussed at 200.09.28B;
- Educational Payments under AmeriCorps and the National Civilian Community Corps discussed at 200.09.42.

200.07.31 GRANTS, SCHOLARSHIPS, FELLOWSHIPS AND GIFTS

Grants, scholarships and fellowships are amounts paid by private nonprofit agencies, the US government, instrumentalities or agencies of the US, state and local governments, foreign governments and private concerns, e.g., a private citizen, to enable qualified individuals to further their education and training by scholastic or research work, etc.

As indicated earlier, a gift is something a person receives which is not repayment for goods or services provided and is not given by legal obligation on the giver's part. To be a gift, something must be irrevocably given.

Educational Expenses

Educational expenses include laboratory fees, student activity fees, transportation, stationery supplies, books, technology fees, and impairment-related expenses necessary to attend school or perform schoolwork, e.g., special transportation to and from classes, special prosthetic devices necessary to operate school machines or equipment, etc.

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200.07.31A ASSISTANCE UNDER TITLE IV OF HEA OR BUREAU OF INDIAN AFFAIRS (BIA)

All student financial assistance received under HEA or BIA assistance programs is excluded from income and resources, regardless of use. The resource exclusion does not have a time limit, i.e., regardless of how long held, the assistance is excluded from resources. Interest and dividends earned on unspent educational assistance under Title IV HEA and BIA are excluded from income.

Examples of HEA Title IV programs include:

- PELL grants;
- State Student Incentives
- Academic Achievement Incentive Scholarships
- Byrd Scholars
- Federal Supplemental Educational Opportunity Grants (FSEOG)
- Federal Educational loans (Federal PLUS, Perkins, Stafford, Ford loans)
- Upward Bound
- GEAR Up (Gaining Early Awareness and Readiness for Undergraduate Programs)
- LEAP (Leveraging Educational Assistance Partnership)
- SLEAP (Special Leveraging Educational Assistance Partnership)
- Work Study programs
- State educational assistance programs, including work study, funded by LEAP or SLEAP

200.07.31B OTHER GRANTS, SCHOLARSHIPS, FELLOWSHIPS AND GIFTS

Any portion of a grant, scholarship, fellowship or gift used for paying tuition, fees, or other necessary educational expenses at any educational institution, including vocational or technical education, is excluded from income.

Funds Set Aside

Any portion of such educational assistance that is not used for paying current tuition, fees or other necessary educational expenses but will be used for paying this type of educational expense at a future date is excluded from income in the month of receipt.

NOTE: This exclusion does not apply to that portion set aside or actually used for food, clothing or shelter.

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OTHER GRANTS, SCHOLARSHIPS, FELLOWSHIPS AND GIFTS (Continued)

Treatment of Grants, Scholarships, Fellowships or Gifts Not Used or Set Aside

Any portion of grants, scholarships, fellowships, or gifts that is not used or set aside for paying tuition, fees, or other necessary educational expenses is income in the month received and a resource the month after the month of receipt, if retained.

Treatment of Funds Set Aside, But Not Used for Paying Educational Expenses

If any portion of grants, scholarships, fellowships or gifts that is excluded from resource because it is set aside to pay for necessary educational expenses is used for some other purpose, the funds are income at the earliest of the following points:

- In the month that it is spent; or
- The month the individual no longer intends to use the funds to pay necessary educational expense.

Excluded Funds Not Spent

If the funds set aside to pay for necessary educational expenses are not spent after the 9th month, they are countable resources as of the 10th month following the month of receipt.

200.07.31C DETERMINING COUNTABLE AND EXCLUDABLE AMOUNTS OF ASSISTANCE

- Verify that the assistance is a grant, scholarship, fellowship or gift.
 - Use documents in the individual's possession, contact with the institution or provider to verify the nature of the assistance. If the assistance is not totally excluded as Title IV HEA or BIA, verify the amount, date(s) of payment, payee and source of payment/payer, etc.
- Determine the amount of tuition, fees, and other necessary educational expenses.
 - Use receipts, bills with cancelled checks, contact with the provider, etc., to verify expenses paid. If an expense is verified as incurred, but not paid, assume it will be paid. A signed allegation is acceptable evidence of expenses when it is unreasonable to obtain other evidence, e.g., daily bus fare, small expendable items, etc., but this does not apply to tuition, fees or books.

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DETERMINING COUNTABLE AND EXCLUDABLE AMOUNTS OF ASSISTANCE (Continued)

- Deduct the amount of tuition, fees and other necessary expenses from the gross amount of assistance.
- Exclude any remainder from income if the individual alleges it will be used for necessary educational expenses.
 - Any portion not used or set aside is income in the month received and a resource the following month.
- Inform the individual that he must report if the money is spent for a purpose other than educational expenses or if he changes his intent to spend it on educational expenses.
- Count any portion of grants, scholarships, fellowships or gifts as income in the earliest of either month it is spent for something other than educational expenses or the month the individual no longer intends to use the money for educational expenses.
- Any funds not spent after the 9th month are counted as a resource beginning the 10th month following month of receipt.
 - Interest and dividends earned on grants, scholarships, fellowships or gifts which are excluded as a resource count as income. Interest and dividends earned on educational assistance which is a countable resource are excluded as income.

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200.07.32 DISASTER ASSISTANCE (PRESIDENTIALLY- DECLARED DISASTER)

This section addresses only presidentially-declared disasters. There are no specific instructions or exclusions addressing other disasters. At the request of the state governor, the President may declare a major disaster when the disaster is of such severity and magnitude that effective response is beyond the capabilities of the state and local governments, and federal assistance is needed. Disasters include such things as hurricanes, tornadoes, floods, earthquakes, volcano eruptions, landslides, snowstorms, drought, etc. Assistance provided to victims of a Presidentially-declared disaster includes assistance from:

- Federal programs and agencies;
- Joint Federal and State programs;
- State or local government programs;
- Private organizations (for example, the Red Cross).

The value of support and maintenance in cash or in-kind is not counted as countable income if:

- The individual lived in a household which he or she (or he and another person) maintained as his or their home at the time a catastrophe occurred in the area; and
- The President declared the catastrophe a major disaster for purposes of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (formerly the Disaster Relief Act of 1974); and
- The individual stopped living in his home because of the catastrophe and began to receive support and maintenance within 30 days after the catastrophe; and
- The individual receives support and maintenance while living in a residential facility maintained by another person. A residential facility is to be interpreted broadly, including a private household, a shelter, or any other temporary housing arrangement resorted to because of the disaster.

Assistance (other than support and maintenance) received under the Robert T. Stafford Disaster Relief and Emergency Assistance Act or any other Federal statute because of a catastrophe which the President declares to be a major disaster is excluded from countable income. This includes assistance to repair or replace the individual's own home or other property and disaster unemployment assistance. Interest earned on the assistance is excluded from income and resources. If excluded from income, any unspent assistance is permanently excluded from resources.

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200.07.33 FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) EMERGENCY FOOD DISTRIBUTION AND SHELTER PROGRAMS

Through a national board chaired by the Federal Emergency Management Agency (FEMA) and local boards, funds are provided to private nonprofit organizations and state and local governmental entities for providing emergency food and shelter to needy individuals. The entity receiving these funds decides how they will be best used (such as to buy beds and blankets, to stock a soup kitchen or pay an individual's rent.) The federal funds are not provided to meet ongoing basic needs.

Assistance involving FEMA is subject to general rules pertaining to income and income exclusions. It is neither IBON nor ABON. Assistance involving FEMA is most often provided in-kind by private nonprofit organizations and with state certification will qualify for exclusion as Home Energy Assistance and Support and Maintenance Assistance (HEA/SMA).

200.07.34 FEDERAL HOUSING ASSISTANCE

The Federal Government through the Office of Housing and Urban Development (HUD) and the US Department of Agriculture's Rural Housing Service (RHS), formerly the Farmers Home Administration, provides many forms of housing assistance including:

- Subsidized housing (such as, public housing, reduced rent, cash toward utilities);
- Loans for renovations;
- Loans for construction, improvement, or replacement of farm homes and other buildings;
- Mortgage or investment insurance; and
- Guaranteed loans and mortgages.

This assistance may be provided directly by the federal government or through other entities such as local housing authorities or nonprofit organizations.

The value of any assistance paid with respect to a dwelling unit is not counted as income or resources if paid under a program or project in which HUD or RHS is involved. "Section 8" housing is HUD housing assistance.

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200.07.35 LOW INCOME ENERGY ASSISTANCE

Through a block grant, the federal government provides funds to states for energy assistance (including weatherization) to low income households. This assistance may be provided by a variety of agencies (such as state or local welfare offices, community action agencies, special energy offices) and known by a variety of names (for example, HEAP, Project Safe). It is most often provided in a medium other than cash (such as, voucher, two-party check, direct payment to vendor) but may be in cash.

Home energy assistance payments or allowances provided under the Federal Low-Income Home Energy Assistance Program (LIHEAP) are not counted as income or resources.

200.07.36 HOME ENERGY ASSISTANCE AND SUPPORT AND MAINTENANCE ASSISTANCE (HEA/SMA)

Low income energy assistance discussed above is governmental assistance. The legislative intent of the exclusion of HEA/SMA was to address charitable efforts by the community to help recipients.

Home energy assistance is any assistance related to meeting the costs of heating or cooling a home. Support and maintenance assistance is in-kind support and maintenance or cash provided for the purpose of meeting food, clothing and shelter needs. It includes energy assistance.

Home energy or support and maintenance assistance is not counted as income if it is certified in writing by the appropriate state agency to be both based on need and:

- Provided **in-kind** by a private nonprofit agency (501(c) organization); or
- Provided **in cash or in-kind** by a supplier of home heating oil or gas, a rate-of-return entity (e.g., a utility company) providing home energy, or a municipal utility providing home energy.

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200.07.37 RELOCATION ASSISTANCE

Relocation assistance provided to persons displaced by governmental projects that acquire real property is not income. The following types of reimbursement, allowances and help are provided:

- Moving expenses;
- Reimbursement for losses of tangible property;
- Expenses of looking for a business or farm;
- Displacement allowances;
- Amounts required to replace a dwelling which exceed the agency's acquisition cost for the prior dwelling;
- Compensation for increased interest costs and other debt service costs of replacement dwelling (if it is encumbered by a mortgage);
- Expenses for closing costs (but not prepaid expenses) on replacement dwelling (if it is encumbered by a mortgage);
- Rental expenses for displaced tenants;
- Amounts for down payments on replacement housing for tenants who decide to buy;
- Mortgage insurance through Federal programs with waiver of requirements of age, physical condition, personal characteristics, etc., which borrowers must usually meet;
- Direct provision of replacement housing (as a last resort).

Federal or Federally-Assisted Projects

Relocation assistance provided under the Uniform Relocation Assistance and Real Property Acquisitions Policies Act is not counted as income. This exclusion applies to relocation assistance provided to persons displaced by any federal or federally assisted project. Any federal assistance (except revenue sharing only) is sufficient to bring into play the federal statutes controlling acquisition of real property, requiring that relocation assistance be available and not counted as income. Federal relocation assistance is permanently excluded from resources. Interest earned on unspent payments is not excluded from income or resources.

State, Local or State-Assisted/Locally-Assisted Projects

Relocation assistance provided to persons displaced by any state, local or state-assisted/locally-assisted project is not counted as income. Unspent payments are excluded from resources for 9 months. Interest earned on unspent payments is not excluded from income or resources.

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200.07.38 REFUGEE CASH ASSISTANCE (RCA), CUBAN AND HAITIAN ENTRANT CASH ASSISTANCE (CHECA)

Refugee Cash Assistance and Cuban and Haitian Entrant Cash Assistance are federally funded programs that make ongoing needs-based payments to refugees during their first 8 months in the United States. The payments are made by the state or local government according to AFDC standards and rules, although there need not be a child involved. RCA and CHECA payments are federally-funded income based on need and unless excluded under a PASS, are counted dollar for dollar as income under IBON policy. The \$50/\$20 general income exclusion does not apply.

200.07.39 REFUGEE RECEPTION AND PLACEMENT GRANTS

Federal funds are provided to national voluntary refugee resettlement agencies such as Catholic Charities or the Hebrew Immigrant Aid Society, which provide services (including food, clothing and shelter) related to initial resettlement of new refugees. Assistance involving these funds will usually be received during the first 30 days after the refugee arrives in this country. Refugee reception and placement grants are provided by the Department of State. Refugee matching grants are provided by the Department of Health and Human Services.

Assistance involving a refugee reception and placement grant or a refugee-matching grant is subject to the general rules pertaining to income and income exclusions.

200.07.40 COMMUNITY SERVICE BLOCK GRANTS

The Department of Health and Human Services makes community service block grants to States to provide a broad range of services and activities to assist low-income individuals and alleviate the causes of poverty in a community. States may subsequently make grants or enter into contracts with private nonprofit organizations or political subdivisions.

Assistance involving community service block grants is subject to the general rules pertaining to income.

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200.07.41 WORK RELIEF (WORKFARE) PROGRAMS

Many governmental assistance programs require that certain recipients work in exchange for the assistance provided. Most often the amount of the assistance payment is divided by the minimum wage and the recipient required to perform some service for the resulting number of hours. Usually a participant in such a work program is given money to cover any expenses incurred (e.g., carfare, special clothing, miscellaneous, etc.). Programs connected with general assistance have various locally established names. Programs connected with AFDC include the Community Work Experience Program (CWEP), and the Work Incentive Program (WIN). Programs are often run as demonstrations or pilot projects.

The fact that an individual is required to work in exchange for an income based on need or assistance based on need payment does not change the nature of the payment. The payment in such situations is an assistance payment and is not earned income.

200.07.42 PROGRAMS FOR OLDER AMERICANS

The Federal Government through the Administration on Aging is involved in a variety of programs for older Americans. State or local governments or community organizations may operate the programs. Some types of programs are:

- Health services
- Nutrition services
- Legal assistance
- Community service employment

A wage or salary paid under Programs for Older Americans is counted as earned income subject to the general policies regarding earned income. Anything provided under the Programs for Older Americans other than a wage or salary is not counted as income.

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200.07.43 **WORKFORCE INVESTMENT ACT (WIA)**

The Workforce Investment Act replaced the Job Training Partnership Act (JTPA.) The Workforce Investment Act of 1998 (WIA), which became effective July 1, 2000, establishes a national workforce preparation and employment system to meet the needs of businesses, job seekers and those who want to further their careers. Individuals have easy access to information and services through the One-Stop Career Center system.

Determine the type, amount and frequency of the income the individual receives and evaluate the income, e.g., wages, stipends, bonuses, incentive payments, etc., under the general rule pertaining to income and income exclusions. Disregard any payments that represent supportive services (child care, transportation, medical care, meals, etc.) which are social services, not income.

200.07.44 **JOB CORPS**

The Job Corps is a Workforce Investment Act (WIA) program. A Job Corps participant who is a student under age 22 qualifies for the student earned income exclusion.

Treatment of Income

The **living allowance** (also called student pay) is the regular, recurring payment to Job Corps participants. It is paid bi-weekly and may include bonuses and/or incentive payments. FICA is withheld from the entire amount. The living allowance is wages.

The **readjustment allowance** is paid at the completion or termination of the program based on length of participation. It may include bonuses and/or incentive payments. FICA is withheld from the entire amount. The readjustment allowance, including any amount deducted to pay the participant's share of a dependent's allowance, is wages.

Any **bonus and incentive payments** are also wages.

A **bi-weekly dependent's allowance** may be paid directly to a participant's dependent. The Federal Government pays for half. The other half is subsequently deducted from the participant's readjustment allowance. This allowance is counted as unearned income to the dependent.

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JOB CORPS (Continued)

The **clothing allowance** is furnished only as a voucher redeemable at a designated clothing store. The clothing allowance (voucher) is not income. The transportation allowance is furnished only as tickets (usually bus tickets) that cannot be converted to cash. This allowance is not income.

Supportive services are services such as childcare, transportation, medical care, meals, and other reasonable expenses provided in-kind. Those supportive services (such as medical services, transportation to and from medical treatment, counseling, job placement services) provided in-kind which are medical or social services are not income.

Deeming

- The rules regarding temporary absence for deeming purposes apply to Job Corps participants who reside in a Job Corps Center or who are away at school.
- If the participant is a deemor and his dependent is eligible for Medicaid, only one-half of the dependent's allowance is unearned income to the dependent.

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200.07.45 **AMERICORPS AND NATIONAL CIVILIAN COMMUNITY CORPS (NCCC) PAYMENTS**

The National and Community Service Trust Act established the Corporation for National and Community Services (CNCS). Through CNCS, the federal government administers a number of national and community service programs. It is also the federal agency that administers VISTA and the Service Corps, programs formerly administered by the ACTION agency.

NOTE: AmeriCorps State and National, AmeriCorps NCCC and AmeriCorps VISTA (formerly VISTA) are three different programs.

AmeriCorps State and National and AmeriCorps NCCC

Both of these are national service programs authorized by the National and Community Service Trust Act.

- **AmeriCorps State and National** provides grants to states, Indian tribes, private and public nonprofit organization and Institutes of Higher Education for community service projects such as educational programs, environmental activities and disaster relief.
- **AmeriCorps NCCC** is a residential service program for young adults between the ages of 19 and 24 in which participants provide work teams for a variety of community service projects.

Participants in both programs receive a stipend or living allowance generally based on minimum wage requirements. Participants are also eligible to receive an educational award for the cost of college attendance or for outstanding college loans. They may also receive a direct payment in lieu of the educational award as well as other types of assistance.

Treatment of Income

Effective September 1, 2008, cash or in-kind payments provided by AmeriCorps State and National and AmeriCorps NCCC are excluded from income, even if they meet the definition of wages. Such payments include, but are not limited to:

- Living allowance payments;
- Stipends;
- Food and shelter;
- Clothing allowances;
- Educational awards and payments in lieu of educational awards.

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AMERICORPS AND NATIONAL CIVILIAN COMMUNITY CORPS (NCCC) PAYMENTS

(Continued)

AmeriCorps VISTA and Other Former ACTION Programs

ACTION consisted of a number of volunteer service programs including:

- Volunteers in Service to America (VISTA, now AmeriCorps VISTA);
- Retired Senior Volunteer Program (RSVP);
- University Year for Action (UYA);
- Foster Grandparent Program; and
- Senior Companion Program.

All payments to volunteers made by CNCS under former ACTION programs are excluded from income and resources.

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CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

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200.07.46 PAYMENTS FOR CLINICAL TRIAL PARTICIPATION

Pursuant to the Improving Access to Clinical Trials Act of 2009, exclude the first \$2,000 of compensation per calendar year received by a Medicaid client, spouse or deemor as compensation for participation in clinical trials which research and test treatment of rare diseases or conditions. Payments which are reimbursements for expenses incurred while participating in the trial do not reduce the \$2,000 calendar year maximum.

Most clinical trials involving human subjects obtain the participants' informed consent. The "informed consent form" will provide most of the information needed to determine if the exclusion applies. In the alternative, request an official letter from the administrator of the clinical trial which provides all relevant information of informed consent. Apply the exclusion only if the clinical trial meets the following requirements:

- Must be reviewed and approved by an institutional Review Board (IRB), a committee which ensures a clinical trial is ethical and protects the participants;
 - An informed consent form is proof an IRB reviewed and approved the trial. In the absence of the informed consent form, assume IRB approval if the clinical trial appears in the Clinical Trials.gov website;
- Must involve research and testing of medical treatments, e.g., experimental treatments, new combinations of drugs, new approaches to surgery or radiation therapy, etc.; and
- Must target an "orphan" or rare disease or condition;
 - Some commonly known rare disease are Lou Gehrig's disease, Crohn's disease, cystic fibrosis, cystinosis, Duchenne muscular dystrophy, Huntington's disease, and Tourette syndrome;
 - If the disease associated with the clinical trial is not one of the above or the documentation provided does not state the condition is a rare disease or condition, search for it in the Office of Rare Disease Research's rare disease database at www.rarediseases.info.nih.gov under Rare Diseases and Related Terms.

Verify date, frequency and amount of payments using check stubs, payment receipts, informed consent form, etc. Apply the exclusion, if applicable. Otherwise, use regular income counting rules.

The Act specifies this exclusion will expire on October 5, 2015. Any unspent compensation under this exclusion will count as a resource at that time.